



**Resolution Adopting Recommended Amendments to the Model  
General Allocation and Apportionment Regulations  
Reg. IV. 18.(k) REG.IV.18.(k). Receipts Factor – Bank Holding  
Companies and Subsidiaries**

WHEREAS, changes to Article IV of the Compact (UIDTPA) necessitated changes be made in the model General Allocation and Apportionment Regulations; and

WHEREAS, following the Executive Committee's instructions to update those model regulations, the Uniformity Committee has considered changes to regulations under Article IV, Section 18 having to do with the treatment of certain gross receipts when received by bank holding companies and subsidiaries; and

WHEREAS, the Uniformity Committee the referred draft amendments to the Executive Committee, which voted to approve them for public hearing on January 8, 2018; and

WHEREAS, that hearing was duly noticed and was held on February 20, 2018 and the hearing officer's report was submitted to the Executive Committee on April 26, 2018; and

WHEREAS, the Executive Committee approved the draft amendments for bylaw 7 survey; and

WHEREAS, the majority of affected member states have given an affirmative response to that survey;

Now, therefore, be it:

RESOLVED, this day, July 25, 2018, that the Commission hereby adopts the recommended amendments to the model General Allocation and Apportionment Regulations, Reg.IV.18.(k).

**This draft regulation would be inserted at Section REG. IV.18.- subsection (k).**

**REG.IV.18.(k). Receipts Factor – Bank Holding Companies and Subsidiaries.**

1 DRAFTER’S NOTE: THIS REGULATION MAY BE APPROPRIATE FOR USE BY STATES THAT HAVE ADOPTED  
2 SPECIAL RULES FOR THE ALLOCATION AND APPORTIONMENT OF FINANCIAL INSTITUTIONS, INCLUDING  
3 THE MULTISTATE TAX COMMISSION’S MODEL FORMULA FOR THE APPORTIONMENT AND ALLOCATION  
4 OF NET INCOME OF FINANCIAL INSTITUTIONS (AS AMENDED JULY 29, 2015), THAT DO NOT EXPLICITLY  
5 INCLUDE BANK HOLDING COMPANIES, SAVINGS AND LOAN HOLDING COMPANIES, AND MAJORITY-  
6 OWNED SUBSIDIARIES OF SUCH ENTITIES IN THE DEFINITION OF “FINANCIAL INSTITUTIONS” SUBJECT TO  
7 SUCH SPECIAL RULES. THIS REGULATION MAY ALSO APPLY TO STATES THAT HAVE NO SPECIAL RULES  
8 FOR THE ALLOCATION AND APPORTIONMENT OF FINANCIAL INSTITUTIONS. IF YOUR STATE’S  
9 DEFINITION OF “FINANCIAL INSTITUTIONS” ALREADY INCLUDES SUCH ENTITIES, THEN THIS  
10 REGULATION MAY BE UNNECESSARY.

11 (1) For any corporation or other business entity registered under state law as a bank holding company or  
12 registered under the Federal Bank Holding Company Act of 1956, as amended, or registered as a savings  
13 and loan holding company under the Federal National Housing Act, as amended, and any entity more  
14 than 50 percent owned [directly or indirectly] by such holding companies, receipts are included in the  
15 receipts factor denominator and assigned to the receipts factor numerator in this state to the extent  
16 those receipts would be included in the denominator and assigned to this state under the MTC’s  
17 Formula for the Apportionment and Allocation of the Net Income of Financial Institutions Model Statute  
18 (as adopted July 29, 2015). REG.IV.18.(c) does not apply to a taxpayer that is subject to this  
19 REG.IV.18.(d).

20 (2) Nothing in this Reg.IV.18.(d) shall prohibit the taxpayer from petitioning for, or the [state tax agency  
21 or administrator] from applying, an alternative method to calculate the taxpayer’s receipts factor in  
22 order to fairly represent the extent of the taxpayer’s business activity in this state as provided for in  
23 [reference to Compact Article IV, Section 18 or similar state law]